CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

July 25, 2000

H.R. 4810
Marriage Tax Relief Reconciliation Act of 2000

As cleared by the Congress on July 21, 2000

H.R. 4810 would increase the basic standard deduction for a married couple filing a joint return to twice that of a taxpayer filing a single return. The bill would also expand, over a five-year period, the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding bracket for an individual filing a single return. In addition, the bill would extend the current Alternative Minimum Tax (AMT) treatment of refundable and non-refundable personal credits. Finally, the bill would increase by $2,000 the beginning and ending income levels for phasing out the Earned Income Credit (EIC) for married couples filing jointly. All provisions in the bill would expire on December 31, 2004.

The Joint Committee on Taxation (JCT) estimates that the bill would decrease revenues by $14 billion in 2001 and by $84 billion over the 2001-2005 period. In addition, JCT estimates that the bill would increase direct spending—the outlay effect of the EIC changes—by about $1 billion in 2001 and by $5 billion over the 2001-2005 period. Because the bill would affect receipts and direct spending, pay-as-you-go procedures would apply.

The estimated impact of H.R. 4810 on federal revenues and direct spending is shown in the following table.

ESTIMATED PAY-AS-YOU-GO IMPACT OF H.R. 4810

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in receipts	0	-14,196	-12,879	-18,154	-27,264	-11,886	0	0	0	0	0
Changes in outlays	0	1,073	1,109	1,078	1,082	1,097	0	0	0	0	0

Source: Joint Committee on Taxation

The CBO staff contacts for this estimate are Hester Grippando and Erin Whitaker. This estimate was approved by Roberton Williams, Deputy Assistant Director for Tax Analysis, and Robert A. Sunshine, Assistant Director for Budget Analysis.